

SENATE CS FOR CS FOR HOUSE JOINT RESOLUTION NO. 12(RES) am S

IN THE LEGISLATURE OF THE STATE OF ALASKA

THIRTY-SECOND LEGISLATURE - FIRST SESSION

BY THE SENATE RESOURCES COMMITTEE

Amended: 3/29/21

Offered: 3/26/21

Sponsor(s): REPRESENTATIVES RAUSCHER, Patkotak, McKay, McCabe, Cronk, Shaw, Johnson, Thompson, Nelson, Carpenter, Merrick, Gillham, Rasmussen, Tilton, Vance, Prax, Kaufman, McCarty, Kurka, LeBon, Eastman, Josephson, Schrage, Tuck

SENATORS Revak, Costello, Hughes, Reinbold, Bishop, Holland, Stedman, Micciche

A RESOLUTION

- 1 **Urging the United States Department of the Interior, Bureau of Land Management, to**
2 **honor the recent lease sales and proceed with permitting in the Arctic National Wildlife**
3 **Refuge; urging the President of the United States to defend the 2020 Record of Decision**
4 **approving the Coastal Plain Oil and Gas Leasing Program in the Arctic National**
5 **Wildlife Refuge; opposing designation of the Arctic National Wildlife Refuge as a**
6 **National Monument; urging the Alaska delegation in Congress to work to repeal sec.**
7 **20001(b)(5) of the Tax Cuts and Jobs Act of 2017 to honor the Alaska Statehood Act**
8 **with respect to the state's share of bonuses, royalties, and rentals from exploration and**
9 **development in the coastal plain of the Arctic National Wildlife Refuge; and requesting**
10 **that the Alaska delegation in Congress defeat any effort to alter or repeal other**
11 **provisions of sec. 20001 of the Tax Cuts and Jobs Act of 2017 if the result would**
12 **adversely affect oil and gas development efforts in the Arctic National Wildlife Refuge.**
13 **BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:**

1 **WHEREAS**, in 16 U.S.C. 3143 (sec. 1003 of the Alaska National Interest Lands
2 Conservation Act), the United States Congress reserved the right to permit oil and gas
3 development and production in the coastal plain of the Arctic National Wildlife Refuge; and

4 **WHEREAS**, in 16 U.S.C. 3142 (sec. 1002 of the Alaska National Interest Lands
5 Conservation Act), the United States Congress authorized nondrilling exploratory activity in
6 the coastal plain of the Arctic National Wildlife Refuge; and

7 **WHEREAS** sec. 20001 of the Tax Cuts and Jobs Act of 2017 (P.L. 115-97) requires
8 the United States Secretary of the Interior to establish and administer a competitive oil and
9 gas program for the leasing, development, and production of oil and gas in and the
10 transportation of oil and gas from the coastal plain of the Arctic National Wildlife Refuge;
11 and

12 **WHEREAS** sec. 20001 of the Tax Cuts and Jobs Act of 2017 (P.L. 115-97) requires
13 that at least two lease sales be held by December 22, 2024, and that each sale offer for lease at
14 least 400,000 acres of land with the highest hydrocarbon potential in the coastal plain of the
15 Arctic National Wildlife Refuge, allowing for up to 2,000 acres of federal land, equivalent to
16 .01 percent of the 19,000,000-acre refuge, to be covered by production and support facilities;
17 and

18 **WHEREAS** the 1,500,000-acre 1002 study area of the coastal plain of the Arctic
19 National Wildlife Refuge makes up less than eight percent of the 19,000,000-acre refuge, and
20 development of the oil and gas reserves in the coastal plain of the refuge would affect a
21 limited area, as defined by the United States Congress; and

22 **WHEREAS** 8,900,000 acres of the 19,000,000-acre Arctic National Wildlife Refuge
23 have already been set aside as wilderness; and

24 **WHEREAS** the coastal plain of the Arctic National Wildlife Refuge contains an
25 estimated 7,687,000,000 barrels of recoverable oil and 7,000,000,000,000 cubic feet of
26 natural gas; and

27 **WHEREAS** the exploration, development, and production of oil and gas in the coastal
28 plain of the Arctic National Wildlife Refuge is predicted to generate 1,430 direct jobs and
29 6,350 indirect jobs annually and 2,480 direct jobs and 10,100 indirect jobs at peak
30 employment; and

31 **WHEREAS** the 1002 study area is part of the coastal plain of the Arctic National

1 Wildlife Refuge located within the North Slope Borough, and many of the residents of the
 2 North Slope Borough, who are predominantly Inupiat, are supportive of development in the
 3 1002 study area; and

4 **WHEREAS** oil and gas exploration and development in the coastal plain of the Arctic
 5 National Wildlife Refuge and adjacent land could result in major discoveries that would
 6 reduce our nation's dependency on oil produced by hostile foreign nations, help balance the
 7 nation's trade deficit, and significantly increase the nation's security; and

8 **WHEREAS** additional natural gas production from the North Slope of Alaska,
 9 including the significant gas reserves expected to be found in the Arctic National Wildlife
 10 Refuge, would enhance the energy independence of the state and the nation in the future; and

11 **WHEREAS** natural gas production from the North Slope of Alaska would enhance
 12 the economic viability of the proposed liquefied natural gas project; and

13 **WHEREAS** development of oil at Prudhoe Bay, Kuparuk, Endicott, Lisburne, and
 14 Milne Point has resulted in the creation of thousands of jobs throughout the United States, and
 15 projected job creation as a result of oil development in the coastal plain of the Arctic National
 16 Wildlife Refuge would have a positive effect in all 50 states; and

17 **WHEREAS** support for development of the coastal plain of the Arctic National
 18 Wildlife Refuge by many state residents is predicated on the maximum employment of the in-
 19 state workforce during all phases of development and operation; and

20 **WHEREAS**, at Prudhoe Bay and other locations along the coastal plain of the Arctic
 21 National Wildlife Refuge, the oil industry has demonstrated that it can conduct oil and gas
 22 activity without adversely affecting the environment or wildlife populations; and

23 **WHEREAS** the state will continue to strive to ensure the ongoing health and
 24 productivity of the Porcupine and Central Arctic caribou herds and the protection of land,
 25 water, and wildlife resources during the exploration and development of the coastal plain of
 26 the Arctic National Wildlife Refuge; and

27 **WHEREAS** the Bureau of Land Management's 2020 Coastal Plain Oil and Gas
 28 Leasing Program Record of Decision was developed after extensive outreach and consultation
 29 with residents of local communities, including residents of Kaktovik, the only Alaska Native
 30 community in the Coastal Plain; and

31 **WHEREAS** the Alaska Native community of Kaktovik received ownership of 92,000

1 acres of private land within the Coastal Plain as settlement of their aboriginal land claims
 2 under the Alaska Native Claims Settlement Act of 1971 (ANCSA); and

3 **WHEREAS** the United States Congress intended the shareholders of ANCSA
 4 corporations, rather than the federal government, to have direct control over the development
 5 of the corporations' land and resources for the long-term economic benefit of the Alaska
 6 Native shareholders; and

7 **WHEREAS** the residents of Kaktovik recognized in ANCSA have been unable to
 8 develop their land in the Coastal Plain because of restrictions in the Alaska National Interest
 9 Lands Conservation Act; and

10 **WHEREAS** the North Slope Borough, representing the residents of the North Slope,
 11 including the Alaska Native residents of the Coastal Plain and the larger North Slope area,
 12 fully participated in the public process conducted by the Bureau of Land Management in the
 13 course of developing the 2020 Coastal Plain Oil and Gas Leasing Program Record of
 14 Decision and supports the decision; and

15 **WHEREAS** the oil and gas industry has developed directional drilling technology that
 16 would allow horizontal drilling within the Arctic National Wildlife Refuge, responsibly
 17 minimizing the impact area of development and offering a possibility of using directional
 18 drilling to access oil from outside of the boundaries of the 1002 study area; and

19 **WHEREAS** the oil and gas industry is using innovative technology and
 20 environmental practices in new oilfield developments, and those techniques are directly
 21 applicable to operating on the coastal plain of the Arctic National Wildlife Refuge and would
 22 further enhance the already high standards for environmental protection in the industry; and

23 **WHEREAS** the economic prosperity of the state depends on the availability of
 24 reliable and affordable energy; and

25 **WHEREAS** the state promotes the development of renewable and alternative energy
 26 resources; and

27 **WHEREAS** the Alaska State Legislature has previously encouraged the use of
 28 revenue from development in the Arctic National Wildlife Refuge for the development of
 29 renewable and alternative energy resources in the state; and

30 **WHEREAS** the legislative findings and intent in sec. 1, ch. 10, SLA 2015, which
 31 declares the Arctic policy of the state, states that "the continuing development of the state's

1 natural resources in an environmentally and socially responsible manner is essential to the
 2 development of the state's economy and to the well-being of the residents of the state"; and

3 **WHEREAS** the Arctic policy of the state, codified as AS 44.99.105, states "It is the
 4 policy of the state, as it relates to the Arctic, to uphold the state's commitment to economically
 5 vibrant communities sustained by development activities consistent with the state's
 6 responsibility for a healthy environment"; and

7 **WHEREAS** oil and gas development in the coastal plain of the Arctic National
 8 Wildlife Refuge has the potential to extend the life of the Trans Alaska Pipeline System and
 9 increase throughput, which has declined significantly since the peak of 2,033,000 average
 10 barrels of oil a day in 1988; and

11 **WHEREAS** the decline in oil prices and in Trans Alaska Pipeline System throughput
 12 has significantly reduced the revenue available to fund state government, depleted state
 13 savings reserves, and increased pressure on lawmakers to reduce permanent fund dividend
 14 payments to fund constitutionally mandated government services; and

15 **WHEREAS** development of oil and gas resources directly supports access to essential
 16 public services and enables local economic and community development projects in rural and
 17 underserved communities across the state; and

18 **WHEREAS**, in sec. 28 of the Alaska Statehood Act of 1958 (P.L. 85-508), the United
 19 States Congress established the right of the state to receive 90 percent of the income derived
 20 from mineral leasing collected from the development of federal land in the state; and

21 **WHEREAS** the Mineral Leasing Act of 1920 (30 U.S.C. 191), as amended, which is
 22 referenced in sec. 28 of the Alaska Statehood Act of 1958 (P.L. 85-508), provides that "[a]ll
 23 money received from the sales, bonuses, royalties . . . and rentals of [certain federal] public
 24 lands . . . shall be paid into the Treasury of the United States; and . . . 90 per centum thereof
 25 shall be paid to the State of Alaska for disposition by the legislature thereof," which is
 26 consistent with the provisions of the Alaska Statehood Act with respect to the share of profits
 27 obtained from leasing, exploration, and development of federal land within the state's borders
 28 to which the State of Alaska is entitled; and

29 **WHEREAS** sec. 20001(b)(5) of the Tax Cuts and Jobs Act of 2017 (P.L. 115-97)
 30 provides for the state to receive a 50 percent share of the adjusted bonus, rental, and royalty
 31 receipts derived from leasing, exploration, and development of federal land in the state, in

1 contravention of the percentage shares required under the Alaska Statehood Act; and

2 **WHEREAS** the Congressional Budget Office has estimated that gross receipts from
3 the Arctic National Wildlife Refuge lease bonus bids alone could generate proceeds of up to
4 \$2,200,000,000 over a decade;

5 **BE IT RESOLVED** that the Alaska State Legislature urges the United States
6 Department of the Interior, Bureau of Land Management, to honor the recent lease sales in the
7 Arctic National Wildlife Refuge; and be it

8 **FURTHER RESOLVED** that the Alaska State Legislature requests that the United
9 States Department of the Interior, Bureau of Land Management, in considering the
10 adjudication of the exploration and development permitting process, take into account the
11 long history of safe and responsible oil and gas development on the North Slope of Alaska,
12 the enormous benefits development of oil and gas resources in the coastal plain of the Arctic
13 National Wildlife Refuge would bring to the state and the nation, the advances in oilfield
14 technology that continue to shrink the impact area of oil and gas activities, and the support of
15 residents from the North Slope Borough and across the North Slope of Alaska for oil and gas
16 development in a portion of the coastal plain; and be it

17 **FURTHER RESOLVED** that the Alaska State Legislature requests that President
18 Biden's administration defend, in the public sphere and in court, the 2020 Record of Decision
19 issued by the Bureau of Land Management that approves the Coastal Plain Oil and Gas
20 Leasing Program in the Arctic National Wildlife Refuge; and be it

21 **FURTHER RESOLVED** that the Alaska State Legislature requests that President
22 Biden and the Department of the Interior move forward with the permitting process in good
23 faith with leaseholders in the Arctic National Wildlife Refuge; and be it

24 **FURTHER RESOLVED** that the Alaska State Legislature urges President Biden to
25 immediately rescind the provisions of Executive Order 13990, pertaining to the Arctic
26 National Wildlife Refuge, to faithfully implement the law and the final agency actions of the
27 Department of the Interior and the Bureau of Land Management, and to respectfully listen to
28 the state, the North Slope Borough, and the residents of the Alaska Native communities of the
29 North Slope, including Kaktovik, before taking actions that affect those residents; and be it

30 **FURTHER RESOLVED** that the Alaska State Legislature urges President Biden to
31 take an approach of consultation and engagement on all decisions affecting the state, local

1 communities, Alaska Native tribes and entities, and individual residents; and be it

2 **FURTHER RESOLVED** that the Alaska State Legislature opposes the designation of
3 the Arctic National Wildlife Refuge as a National Monument by employing the Antiquities
4 Act; and be it

5 **FURTHER RESOLVED** that the Alaska State Legislature urges the Alaska
6 delegation in Congress to work to repeal sec. 20001(b)(5) of the Tax Cuts and Jobs Act of
7 2017 (P.L. 115-97) to honor the Alaska Statehood Act, which provides that the State of
8 Alaska receive a 90 percent share of all bonuses, royalties, and rentals under leases received
9 by the federal government for exploration and development in the coastal plain of the Arctic
10 National Wildlife Refuge; and be it

11 **FURTHER RESOLVED** that the Alaska State Legislature requests that the Alaska
12 delegation in Congress work to defeat any effort to alter or repeal other provisions of sec.
13 20001 of the Tax Cuts and Jobs Act of 2017 (P.L. 115-97) if the result would adversely affect
14 oil and gas development efforts in the Arctic National Wildlife Refuge.

15 **COPIES** of this resolution shall be sent to the Honorable Joseph R. Biden, President
16 of the United States; the Honorable Kamala D. Harris, Vice President of the United States and
17 President of the U.S. Senate; the Honorable Deb Haaland, United States Secretary of the
18 Interior; the Deputy Director for Policy and Programs, Bureau of Land Management, U.S.
19 Department of the Interior; the Coastal Plain Project Manager, Bureau of Land Management
20 Alaska State Office, U.S. Department of the Interior; and the Honorable Lisa Murkowski and
21 the Honorable Dan Sullivan, U.S. Senators, and the Honorable Don Young, U.S.
22 Representative, members of the Alaska delegation in Congress.